

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN MARK NOENNIG**, on February 6, 2001 at 3:00 P.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Mark Noennig, Chairman (R)
Rep. Rod Bitney, Vice Chairman (R)
Rep. Jeff Mangan, Vice Chairman (D)
Rep. Joan Andersen (R)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. John Esp (R)
Rep. Dennis Himmelberger (R)
Rep. Hal Jacobson (D)
Rep. Rick Laible (R)
Rep. Jesse Laslovich (D)
Rep. Bob Lawson (R)
Rep. Michelle Lee (D)
Rep. Brad Newman (D)
Rep. Ken Peterson (R)
Rep. William Price (R)
Rep. James Whitaker (R)

Members Excused: Rep. Cindy Younkin (R)

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Pati O'Reilly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 409, HB 345, 2/06/01
Executive Action:

HEARING ON HB 409

Sponsor: Representative Art Peterson, HD 10, Billings

Proponents: Gary Felstad, President of MACO
Vern Peterson, Fergus County Commissioner
Dean Harmon, County Commissioner
Harold Gladie, Stillwater County Commissioner
Vic Miller, Blaine County Commissioner
Alan Underdal, Toole County Commissioner
Frank Nelson, Madison County Commissioner
Kathy McGowen, Montana Sheriff and Peace Officers
Mary Pippen, Clerk of District Courts
Ron Alles, Lewis and Clark County
Gordpn Morris, MACO
Chuck Brooks, Yellowstone County Commissioners
Mary Allen, Granite and Powell County
Tom Snyder, Mt. Public Employees Association
Deb Koettel, Cascade County
Inga Nelsen, MEA-MFT
Don Kinn, American Federation of State and Federal Employees

Opponents: none

Opening Statement by Sponsor:

Rep. Art Peterson, HD 10, Billings, stated that the bill allows local governments to levy a mill for a premium contribution to pay for insurance. It speaks to the question of recruitment and retention of employers, as the counties currently don't have the flexibility to address this issue. This bill will give counties the opportunity to pay for the increasing health insurance premiums for employees. *{Tape : 1; Side : A; Approx. Time Counter : 0 - 3.1}*

Proponents' Testimony:

Gary Felstad, President of MACO, stated that this health insurance issue is one that local government has struggled with in the last few years. Counties all across the state are having problems maintaining their health premiums for their employees. In the last three years we have seen our premiums go up \$100,000.00 since 1996. We have been forced to raise the deductibles, and various other things to maintain the premium. We need to be able to address these premium costs and use this legislation to do that. It is a matter of reducing the work force to be able to pay this kind of

health coverage.{Tape : 1; Side : A; Approx. Time Counter : 3.1 - 7.1}

Vern Peterson, Fergus County Commissioner, stated the trust fund part he is working on deals with self-insured counties. It was formed as a re-insurance pool and worked well. The costs of medicare however, have skyrocketed to point where we are very liable. The cost of medical care outweighs the CPI. This year it is about 13% nationally and 20% in Montana. In our case it isn't devastating for the taxpayer but altogether affects the counties. I would ask for your support on this bill.{Tape : 1; Side : A; Approx. Time Counter : 7.1 - 10.6}

Dean Harmon, County Commissioner, stated the bill is necessary, last year his county had a \$70 increase on health care premiums. I would like to suggest that local health care pays more and more on non-tax revenue. We need to provide employees with better long term security. {Tape : 1; Side : A; Approx. Time Counter : 10.6 - 12.2}

Harold Gladie, Stillwater County Commissioner. Mr. Bladie, stated that Stillwater county is experiencing the same problem as everyone else is with the increase of costs. In reference to the chart, our self-insured pool has been very stable for a number of years. The last four months have completely devastated our reserves. We are looking to increase the salaries by 10% to cover insurance costs. **EXHIBIT**(loh30a01){Tape : 1; Side : A; Approx. Time Counter : 12.2 - 14.9}

Vic Miller, Blaine County Commissioner, stated Blaine County's insurance premiums went up 40% last year, and urges the committee to vote for this bill.{Tape : 1; Side : A; Approx. Time Counter : 14.9 - 15.9}

Alan Underdal, Toole County Commissioner, stated that health insurance has become a very visible benefit in the last two years in his county. In Toole County, in two out of the last three years, employees have accepted the increase in insurance rates on an individual level. It is very important that we have the ability locally to make these decisions.{Tape : 1; Side : A; Approx. Time Counter : 15.9 - 17}

Frank Nelson, Madison County Commissioner, stated they paid a single rate premium for their employees. In 1998-1999 it cost about \$1,630, in 2000-2001 we were paying \$2,904 per person. Our rates have jumped from \$210,000 total to \$350,000 total in two years. We can expect health insurance to keep rising, and we

shouldn't have to put pressure on our counties to pay these rising prices. **{Tape : 1; Side : A; Approx. Time Counter : 17 - 19}**

Kathy McGowen, Montana Sheriff and Peace Officers, said if health care benefits diminish there are going to be some serious problems within the officer departments. When people are under insured or uninsured, more of Montana's population is being supported by tax dollars. **{Tape : 1; Side : A; Approx. Time Counter : 19 - 20}**

Mary Phippen, Clerk of District Courts, said it supports this piece of legislation for the reason given in the previous testimony. **{Tape : 1; Side : A; Approx. Time Counter : 20 - 21.1}**

Ron Alles, Lewis and Clark County Commissioner, said net costs are far exceeding benefits given with insurance. Qualified individuals depend on the health insurance that we provide. This bill would reduce costs for these employees. **{Tape : 1; Side : A; Approx. Time Counter : 21.1 - 21.6}**

Gordon Morris, MACO, said this issue involves all local governments as well as Montana City Leagues and Towns. **{Tape : 1; Side : A; Approx. Time Counter : 21.6 - 22.1}**

Chuck Brooks, Yellowstone County Commissioners, stated we feel that passage of this bill absolutely essential to the county employees. **{Tape : 1; Side : A; Approx. Time Counter : 22.1 - 24}**

Mary Allen, Granite and Powell County, said that these counties urge them to vote in support of the bill. **{Tape : 1; Side : A; Approx. Time Counter : 24 - 24.3}**

Tom Snyder, Mt. Public Employees Association, said the city plan will no longer write medicare employees. Those people spent 25-30 years working for that entity, and because of the shape of the health insurance plan they won't allow coverage for medicare employees any longer. Please support this bill. **{Tape : 1; Side : A; Approx. Time Counter : 24.3 - 24.5}**

Deb Koettel, Cascade County, stated that Cascade County is in support of the bill. **{Tape : 1; Side : A; Approx. Time Counter : 24.5 - 25.4}**

Inga Nelsen, MEA-MFT, said that she would like to briefly state MEA-MFT's support of this bill. **{Tape : 1; Side : A; Approx. Time Counter : 25.4 - 25.8}**

Don Kinn, American Federation of State and Federal Employees, stated that he and the federation are in support of HB 409. {Tape : 1; Side : A; Approx. Time Counter : 25.8 - 26.4}

Opponents' Testimony: none

Questions from Committee Members and Responses:

Rep. Esp asked how poor the health insurance plan is. **Mr. Snyder** said the health insurance plan is so bad that not only are they raising deductibles, but because the cost of prescription drugs to the medicare eligible is so high that they simply won't continue their plan.

Rep. Lee, asked if there is any way that counties can come together and pool, because as I understand the bigger the pool, the smaller the premium. **Mr. Felstad** said that there are a number of counties that have pooled together, and even that pool is in serious trouble. They are still faced with the same problems. **Rep. Lee** asked if cities and school districts are allowed to be part of that pool. **Mr. Felstad** said no.

Rep. Laible, asked do we have any idea what the overall costs is to the citizens of Montana with this additional mill levy. **Rep. Peterson** said that it would be difficult to tell with each individual county. {Tape : 1; Side : A; Approx. Time Counter : 26.4 - 30}

Rep. Noennig, asked what the additional cost would be per employee and of that cost adjustment how much of it would be borne by the employee and not the taxpayer. **Mr. Snyder,** said that they pay the premium for the employee, the employee is responsible to pay for their spouse or family members. We are about \$100 per employee under insured. **Mr. Morris,** asked what the current premium is for a single employee. **Mr. Snyder,** said that it is \$285 in his case.

Rep. Noennig, asked about the phrase group benefits within the bill and if it relates only to health insurance. **Mr. Morris,** said the bill states specifically health insurance, that is offered to state and local government employees. **Rep. Noennig** stated that they only have one exception to this procedure, which is education. This bill adds one more exception and how many more exceptions would you anticipate would be requested in addition to this request? **Mr. Morris** said that over the course of ten or fifteen years the list of exceptions has been expanded. Most of those exceptions have been stripped. There are many bills involving exceptions, about seven total in this session. {Tape : 1; Side : B; Approx. Time Counter : 0 - 0.5}

Closing by Sponsor:

Rep. Peterson, wanted to remind his colleagues of continuing increase of insurance costs. We would hope that we would extend to our colleagues in local and state governments the message presented here today. {Tape : 1; Side : B; Approx. Time Counter : 0.5 - 8.9}

HEARING ON HB 345

Sponsor: Rep Jeff Mangan, HD 45, Great Falls

Proponents: Representative Sylvia Bookout-Reinicke, HD 71, Alberton
Harold Bye, Stillwater County Commissioner
Gary Felstad, MACO chair
Dan Watson, Rosebud County Commissioner
Alan Underdal, Toole County Commissioner
Vic Miller, Blaine County Commissioner
Jim Stelling, Cascade County
Kathy McGowen, Mt. Sheriff and Peace Officers
Bill Kennedy, Yellowstone County
Frank Nelson, Madison County Commissioner
Mike Murray, Lewis and Clark County Commissioner
John Vincent, Gallatin County Commissioner
Nancy Sweeny, Lewis and Clark, Clerk of District Courts
Robert Throssell, Montana Magistrate
Jennifer Smith-Mitchell, Gallatin County Commissioner
Carolyn Loendorf, Lewis and Clark County Commissioners
Dennis Paxinos, Yellowstone County Commissioner
Gordon Morris, MACO

Opponents: none

Opening Statement by Sponsor:

Rep. Mangan, HD 45, Great Falls, stated the bill provides counties with the cost of living adjustments to county officers with legislation changes or computation method use(see fiscal note). The bill simplifies the process of complex calculations. It also creates a county compensation board consisting of local elected officials providing them with cost of living increases. The county commissioners would like final authority to decide on salary increases. It takes the authority away from the legislature, and places it where it belongs at the local level.

EXHIBIT(loh30a02){Tape : 1; Side : B; Approx. Time Counter : 8.9 - 14.8}

Proponents' Testimony:

Rep. Sylvia Bookout-Reinicke, HD 71, said we have worked very hard to get highway patrolmen a raise, and they only got 9%. My constituents complained that we don't have enough sheriffs, resulting in an unsteady workforce. I can guarantee that everyone of you can pay for local control, so I urge you to support this bill.**{Tape : 1; Side : B; Approx. Time Counter : 14.8 - 16}**

Harold Bye, Stillwater County Commissioner, stated that the council of county officials met many times to look at plans in other states. The results are on the exhibit. On a nationwide basis, a significant number of states do recognize compensation for methodology. The bill has some very important concepts in it, one being simplicity. It will make the decision a local issue, supplying us with the ability in counties to remain competitive in our local market place. We have incredible problems trying to maintain our employee numbers, because of the wages we pay.**EXHIBIT(loh30a03) EXHIBIT(loh30a04){Tape : 1; Side : B; Approx. Time Counter : 16 - 19.6}**

Gary Felstad, MACO chair, stated it has been more difficult for the urban counties and private sector to maintain their employees and would encourage your support on this bill.**{Tape : 1; Side : B; Approx. Time Counter : 19.6 - 20.6}**

Dan Watson, Rosebud County Commissioner, said that the problem we have is competition with other public entities in the private sector and would encourage you to consider this bill.**{Tape : 1; Side : B; Approx. Time Counter : 20.6 - 21.6}**

Alan Underdal, Toole County Commissioner, stated that the bill provides simplification and allows the counties who need flexibility to be able to handle it. It takes the legislature out of the business of managing county officials. **{Tape : 1; Side : B; Approx. Time Counter : 21.6 - 23.6}**

Vic Miller, Blaine County Commissioner, said the bill allows counties that are experiencing trouble with funding local officials to do so. Blaine County is in support of the bill.**{Tape : 1; Side : B; Approx. Time Counter : 23.6 - 24.2}**

Tom Stelling, Cascade County, said the bill is needed for the counties. They need a private sector involved with the decision making. **{Tape : 1; Side : B; Approx. Time Counter : 24.2 - 25.7}**

Kathy McGowen, Mt. Sheriff and Peace Officers, said that this bill would be our top priority. If we can't have good support for our

public officials, it will have a negative aspect on our government.{Tape : 1; Side : B; Approx. Time Counter : 25.7 - 30}

Bill Kennedy, Yellowstone County, said Yellowstone County has always had options to increase salaries. During the past few years we also went back to using a study commission, to make recommendations on salaries for elected officials. This is not a new idea but would be helpful.{Tape : 2; Side : A; Approx. Time Counter : 0 - 3.8}

Frank Nelson, Madison County Commissioner, said the local elected officials are directly responsible to the local people. One part of the bill I particularly favor is the cost of living adjustments. Madison County supports this bill.{Tape : 2; Side : A; Approx. Time Counter : 3.8 - 4.2}

Mike Murray, Lewis and Clark County Commissioner, said this bill will allow us to potentially pay a fair wage to elected officials in Lewis and Clark County for the services they are providing. The salary commissions will give us the abilities to appoint, and returns local control to the local community for a salary commission. {Tape : 2; Side : A; Approx. Time Counter : 4.2 - 4.6}

John Vincent, Gallatin County Commissioner, stated the importance of accountability within the bill. We are held accountable for those votes by our constituents back home. When we are talking about the compensation board that's called for in HB 345 we are essentially asking for the same treatment at the county commission level. Both public scrutiny and accountability are important within the bill.{Tape : 2; Side : A; Approx. Time Counter : 4.6 - 6}

Nancy Sweeney, Lewis and Clark, Clerk of Courts, said the clerks of district courts urges you to vote do pass on this bill. This reduces the complexity of the rules which sets our salaries, one of the first tasks I confronted with was to figure out my salary. I was faced with having to trust the clerk to calculate my salary. This is where trust plays a main factor.{Tape : 2; Side : A; Approx. Time Counter : 6 - 9.5}

Robert Throssell, Montana Magistrate, said they were willing to participate in the process and encourage local control.{Tape : 2; Side : A; Approx. Time Counter : 9.5 - 10.3}

Jennifer Smith-Mitchell, Gallatin County Commissioner, said she urges support of the bill, for all the reasons that have been previously mentioned. In two years of my six year term, I have

seen a lot of poor department heads, including two elected officials.{Tape : 2; Side : A; Approx. Time Counter : 10.3 - 11.2}

Carolyn Loendorf, Lewis and Clark County Commissioners, stated the hours we contribute to our jobs are great. We need someone who is qualified in these types of jobs. I urge you to vote for this bill.{Tape : 2; Side : A; Approx. Time Counter : 11.2 - 13}

Dennis Paxinos, Yellowstone County Commissioner, said we should allow local government to take responsibility to determine the standard of pay given.{Tape : 2; Side : A; Approx. Time Counter : 13 - 13.7}

Gordon Morris, MACO, said the salary calculation sheet is an excerpt out of our newsletter, an article put in the letter every June, so that county officials across the state will be reminded as to how they have to go about the complicated calculation to get the salary for the year. I want to reinforce the idea if this bill passes it will do something to this committee's desires, and will remove us from this bill. We aren't talking about county elected officials only, this bill affects nearly every county employee.{Tape : 2; Side : A; Approx. Time Counter : 13.7 - 16}

Opponents' Testimony: none

Questions from Committee Members and Responses:

Rep. Esp asked if the commissioner intent was to give the public another opportunity to express their input to the elected officials. **Mr. Vincent** replied that it certainly would. I don't think the bill calls for that. We have planning board meetings that could possibly hear the bill again, but may string it out. It would depend on the public attendance at the meetings; they would be hearings, not just meetings.

Rep. Anderson asked if all county employees' positions are based on a percentage of their supervisors' salaries. **Mr. Morris** replied all deputy salaries are the same. Non-deputy staff salary varies.

Rep. Laible asked if we are trying to get back local control in the salaries of county employees, and by virtue of this bill the counties by their permission are going to be able to come up with new salaries. If they do, we have given them the choice to raise mill levies if they decide to do that. I see you are mixing it up with an ordinance, because you are talking about the clerk and recorder being 2,000 dollars less than the County Commissioner. The officers have salaries as opposed to a trickle down, complicating it by setting increases on the statue. If you want to have local control, why are you adding the increases? **Mr. Morris**

replied that they are entitled to an increase in salary of 1,000 dollars. You are setting the statutes of how the raises are going to be rather than letting the county commissioner do this. **Rep. Laible** said that you are referring to current law, and that the longevity is placed in current law. All we are doing in terms of the county attorney is taking out the complicated CPI adjustments.

Mr. Morris said we are going to get a salary adjustment with this bill under current law. **Rep. Laible** asked why they didn't adjust the sections and give authority to the county commissioners rather than putting into statute. **Mr. Morris** replied that they have already tried that and need to begin with this step. **Rep. Laible** asked if they had any input from the chief probation officers when they were drafting this language. **Mr. Morris** replied that we invited everyone in the counsel to be at the table to discuss it.

Rep. Peterson asked if it is designed to give anyone a raise. **Mr. Morris** replied that you might assume that, but instead it gives everyone the ability to give a raise based on what they deem appropriate. Not everyone will get a raise as a result of this bill. **Rep. Peterson** asked if over a certain period of time, you think one county will have to pay more than another county. **Mr. Morris** said that is absolutely correct. There are counties that would prefer the statute to be as it is right now, because it makes it simple on the idea that they don't have to make those kinds of decisions. This will be tough; there are counties out there that like it as it is now. It would be wiser to give it back to local control so they wouldn't have to go through constituents to tell their legislatures how to deal with it.

Rep. Laslovich asked if they could clarify how it would help all counties. **Mr. Morris** replied that if you take a look at the sections of each job, you will find the percentages in title 7 for deputies, etc... We aren't doing anything to those percentages, but I assure you they are there.

Rep. Jacobson asked if the handout indicates that Montana is the only state that deals with salaries for local officials. Are there other states contemplating returning to the model we used, but wasn't satisfactory to the current system used today. **Mr. Morris** believes that they aren't looking at our current model. {Tape : 2; Side : A; Approx. Time Counter : 16 - 30}{Tape : 2; Side : B; Approx. Time Counter : 0 - 13.9}

Closing by Sponsor:

Rep. Mangan wanted to emphasize trust. We need to take trust into consideration when we talk about if we are really committed to the

concept of local control. We need to stop playing this little mind game with each other. This bill is one step towards that goal. The County Compensation Board is key to this issue, locally elected officials will be getting together to discuss this issue. They are responsible for each of their departments as is this committee here. You would get county commissioner input as well as public input, which gives it stronger local control. **{Tape : 2; Side : B; Approx. Time Counter : 13.9 - 15.2}**

ADJOURNMENT

Adjournment: 6:10 P.M.

REP. MARK NOENNIG, Chairman

PATI O'REILLY, Secretary

MN/PO

EXHIBIT (loh30aad)